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RUEHLM/AMEMBASSY COLOMBO 2158

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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 009164

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TAGS: PGREL PBTS ECIN ETRD PREF PTER PGOV IN BT NP

SUBJECT: FS SARAN CALLS FOR ENHANCED BHUTAN TIES

REF: NEW DELHI 8893

Classified By: PolCouns Geoff Pyatt for Reasons 1.4 (B, D)

¶1. (C) Summary: India and Bhutan have a vital stake in each other's well-being and greater economic, security and cultural ties will benefit both countries, Foreign Secretary Shyam Saran argued during an unusual December 3 seminar focused on Bhutan. Underlining the growing GOI concern about contagion from Maoist groups in Nepal, Thimphu and New Delhi will continue jointly to develop and upgrade their border and security infrastructure in order to combat the threat of Maoists and Indian left-wing extremists. He also promised GOI support for the King's proposed transition from an absolute to constitutional monarchy. Saran argued for greater integration of the economies of Bhutan and India in order to meet the needs of the next generation, and suggested the border should be a gateway, not a boundary. At the same seminar, Professor J.D. Muni of Jawaharlal Nehru University argued for greater GOI involvement in solving the Bhutan-Nepal refugee problem and solidarity with Bhutan regarding the Sino-Bhutanese border dispute. Muni also discussed the 1949 treaty between India and Bhutan, which is still in force today and states Bhutan will be "guided by the advice of the Government of India in regards to its external relations," and noted that it might be time to change the wording to reflect the reality that Bhutan conducts its own foreign policy. This event was evidence of India's increasing comfort with a more visible and transparent relationship with its small neighbor. End Summary.

More Ties, Better Neighbors

¶ 12. (U) Bhutan and India have a vital stake in each other's well-being and prosperity, and their destinies, regardless of their size, are intertwined, Saran commented during a New Delhi seminar hosted by the Bhutan India Friendship Associations (BIFA), a group comprising of academics, artisans, and government officials based in Thimphu. He remarked that stability, peace and economic advancement are the most durable guarantors of peaceful coexistence, and that India has been privileged to assist Bhutan in its task of nation-building.

¶ 13. (U) Highlighting the military operations conducted by the Royal Bhutanese Army in December 2003 as a milestone in "our joint response to terrorist activities," Saran called for continued cooperation along the border. He noted that India looks forward jointly to upgrading border infrastructure and management, including better roads, communication links and information sharing. Noting the common threat of Nepalese Maoist groups and their linkages with Indian left wing extremists and insurgent groups, Saran commented that cooperation along the border is a prerequisite for securing close and friendly relations between countries sharing a long border.

Support for the Constitution

¶ 14. (U) Saran stated that the GOI is following the King of Bhutan's proposed transition to a constitutional monarchy "with keen interest" and would assist during the process.

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Acknowledging that the process could take two to three years, he indicated that the GOI's objective is "not just to consolidate and preserve the exemplary relations we have, but to take them to an even higher level of mutually-beneficial cooperation and understanding."

Economic Integration Vital

¶ 15. (U) Saran told the audience that economic integration and cooperation was necessary in the increasingly inter-dependent global economy. He called for a strategy of economic development that complements the resources endowed to each country. Noting Bhutan's success in developing its hydropower resources while preserving the environment, Saran stated the GOI supports greater cooperation in this sector. He argued that the next generation in India and Bhutan expects a better life, which the two governments will have to deliver, and greater integration will help achieve this goal. He concluded that the border should not be viewed as a boundary, but a gateway to facilitate economic growth.

India Needs to Play Larger Role in Refugee Problem

¶ 16. (C) At the same seminar at which Saran spoke, JNU Professor Muni stated that India needs to play a larger role in finding a solution to the refugee problem between Bhutan and Nepal. (Comment: Joint Secretary Rae's November 22 comments (reftel) suggest that the GOI has pressed Thimphu to resolve the conflict, but that the RGOB intends to do so on its own time frame. End Comment.) Muni argued that India, due to its involvement in the transit of refugees from Bhutan to Nepal in the early 1990s, needs to apply more pressure on the Bhutanese to resolve the issue. He warned that the intrusion by Maoists into the refugee camps is of concern to both New Delhi and Thimphu and will directly affect India in the future if a solution is not found to the refugee problem.

Sino-Bhutan Relations

¶7. (U) Muni indicated that the GOI should provide more assistance to the Bhutanese regarding the Sino-Bhutan border, asserting that "the GOI needs to make sure that Bhutan does not get pushed around by the Chinese."

Comment: Less Influence of Big Brother India

¶8. (C) Muni noted that it might be time to change the wording of the 1949 GOI-RGOB treaty, which states that Bhutan will be guided by the GOI in regards to its foreign relations. He argued that the realities on the ground, that Bhutan now makes most of its own decisions, should be reflected in a change to the treaty. The Mission has also seen evidence that Bhutan is exerting more independence in its foreign policy decisions, first, in breaking with India two years in a row on the UNHRC vote on Cuba, and second, in resisting GOI pressure to settle the refugee issue. That being said, Saran's unusual public speech on India's relationship with Thimphu reflects New Delhi's increasing willingness to address its policy towards Bhutan in a

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transparent and forthright manner, rather than treating it as distinct from other foreign policy relationships. End
Comment.

¶9. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
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